

MUNICIPAL INFRASTRUCTURE GRANT (MIG)

The Municipal Infrastructure Grant programme (**MIG**) is monitored in terms of the national government financial year, April to March. Provide feedback on the performance of eThekweni's MIG programme for the **period ending 31st March 2008**. The Project Management Unit (PMU) within Engineering Services manages MIG from a programme perspective and ensures compliance and performance at all levels.

1. INTRODUCTION

The MIG programme is a conditional grant aimed at providing all South Africans with at least a **basic level of service** by the year 2013 through the provision of grant finance to cover the capital cost of basic infrastructure for the poor. It is part of government's overall strategy to eradicate poverty and to create conditions for local economic development. The programme therefore also seeks to maximize opportunities for employment creation and enterprise development.

The Department of provincial Government (DPLG) is the national department responsible for transferring funds to municipalities in terms the conditions and municipal MTEF allocations as prescribed in the Division of Revenue Act (DORA). The Grant is intended to provide capital finance for **basic municipal infrastructure for poor households, micro enterprises and social institutions** and to provide for new, rehabilitation and upgrading of municipal infrastructure.

The PMU together with the MIG Metro Focus Group is currently negotiating with DPLG for the Metros to be treated differently in terms of allowing an **'appropriate' LOS** rather than those prescribed which are not sustainable in the long term in some instances.

Table 1 below illustrates some of the MIG LOS guidelines compared to those provide by eThekweni Municipality in terms of the IDP commitment in the provision of a Quality Living Environment.

Table 1

MIG - LOS	MIG summary definition.	eThekweni – Level of Service
Street lighting	Community street lighting (One light for every 4 households)	As per MIG. (EM counter-funding required)
Water supply	Provision of bulks and reticulation to ensure 200 litres per day per household water. (Stand pipes within a radius of 200m.)	200 Lt ground tank per household (EM counter-funding required)
Sanitation	Decent sanitation (Single pit Ventilated Improved Latrine)	Ventilated Double Pit Latrine with Urine Diversion. (EM counter-funding required)
Roads	Gravel Roads	Asphalt roads. (EM counter-funding required)

Storm water	Within the scope of the road design	Within the scope of the road design <i>(EM counter-funding required)</i>
Community Facilities	Fire stations, taxi ranks, multi-purpose centre, pension payout points etc (Rate / m2 is lower that market rates)	<i>(EM counter-funding required)</i>
Refuse Removal	Solid waste sites, transfer stations etc etc (Rate is lower that market rates)	<i>(EM counter-funding required)</i>
LED	Infrastructure support to Rural markets, informal trade, agri-processing etc	<i>(EM counter-funding required)</i>

2. OVERVIEW OF THE ETHEKWINI - MIG PROGRAMME

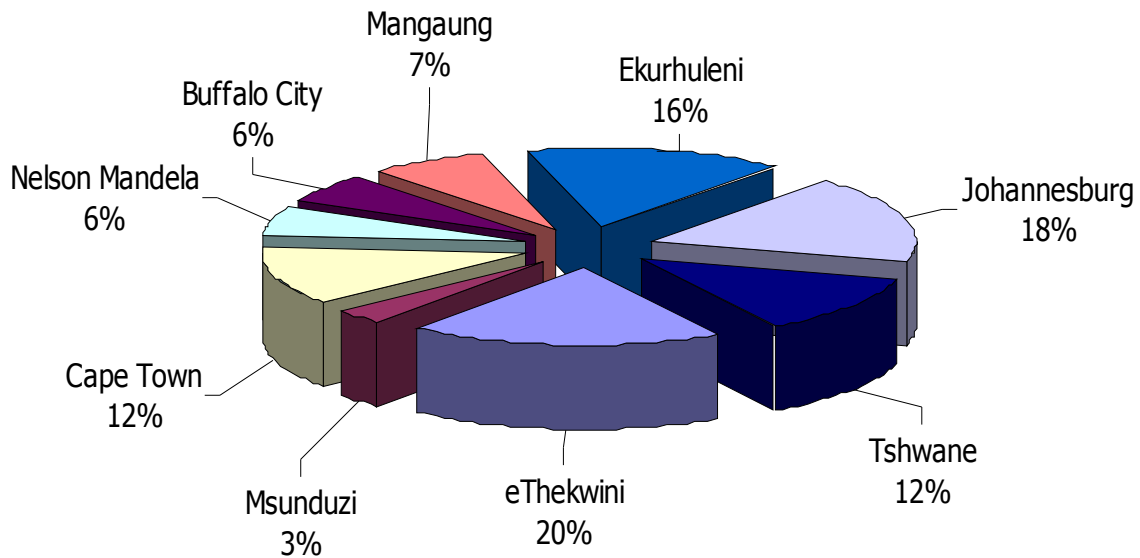
2.1. MIG ALLOCATIONS – National Financial Year.

It is encouraging to note that eThekwini continues to receive the largest MIG allocation year on year across the country compared to the other cities and larger district municipalities. Table 2 below compares eThekwini's MIG allocation for 07/08 and the 08/09 3-year MTEF period against the other South African Cities Network (SACN) member cities.

Table 2

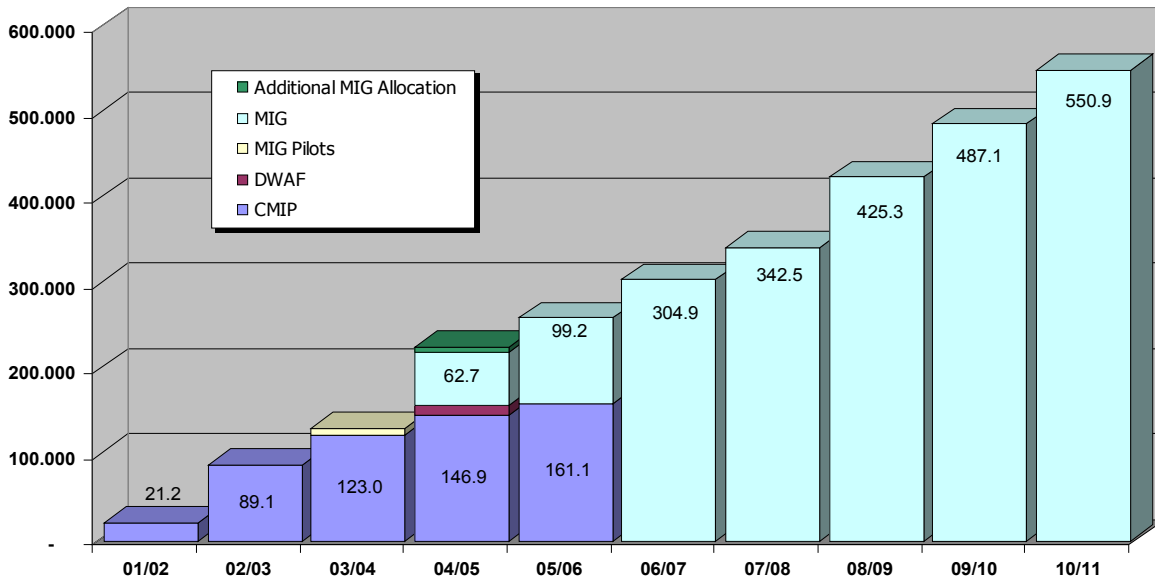
	07/08	08/09	09/10	10/11
eThekwini	342.455	425.263	487.066	550.937
Msunduzi	58.036	73.915	86.235	97.520
Cape Town	219.485	273.357	213.765	354.901
Nelson Mandela	109.536	129.319	149.442	169.020
Buffalo City	109.470	136.951	158.148	178.868
Mangaung	125.466	120.154	138.985	157.191
Ekurhuleni	287.679	357.597	409.87	463.614
Johannesburg	319.585	397.011	454.835	514.478
Tshwane	221.684	273.602	314.044	355.217

Figure 1 Comparative of SACN members



The graph below (figure 2) illustrates the favourable increase in grant funding allocations to eThekweni by the Department of Provincial and Local Government from R21,2 million in the 2001/2002 (CMIP) national year to projected R550,9 million for MIG in 2010/2011. As can be seen CMIP, the Consolidated Municipal Infrastructure Programme evolved into the MIG programme over the 3 year period 2003 (pilot) to 2006. A total of R2,83 billion of grant funding has allocated to eThekweni Municipality for the 10 year period 2001 to 2011.

Figure 2 Grant Allocations (R millions) 2001 – 2011.



2.2. MIG EXPENDITURE – National Financial Year 2007/2008

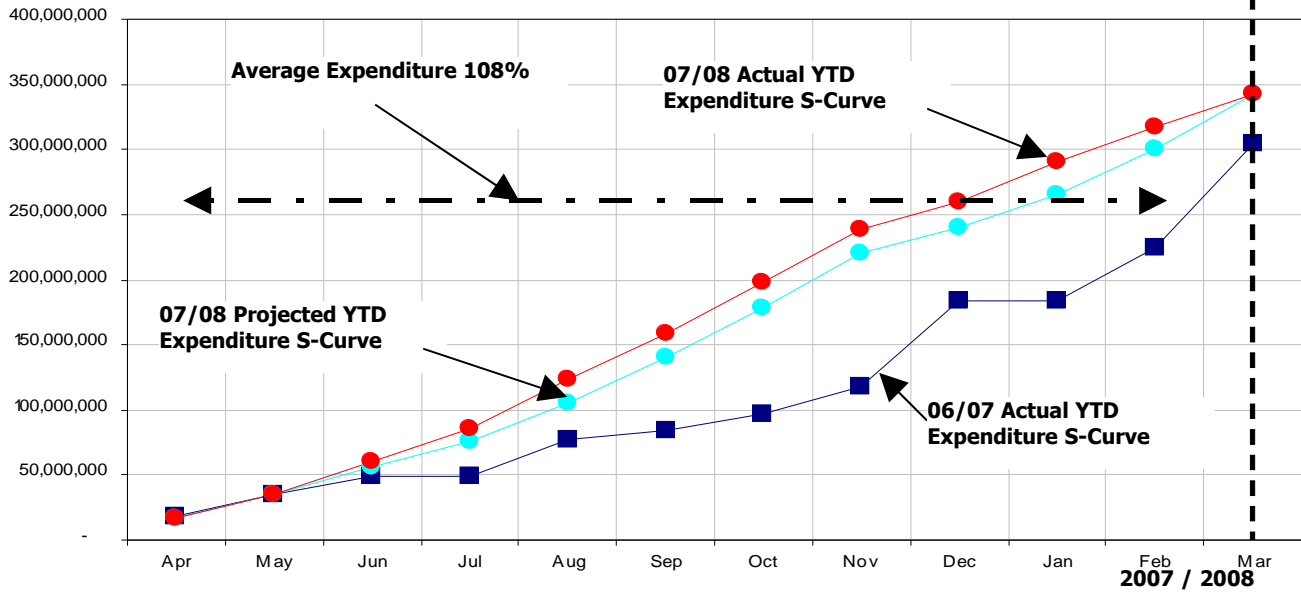
As mentioned above the National Government financial year 07/08 ended on the 31 March 2008. The Division of Revenue Act requires that MIG allocations to all municipalities be fully spent in the year of allocation and failure to do so would result in funds being reimbursed to National Treasury (i.e. no rollovers are allowed). The MIG funds are disbursed monthly to the municipality according to an approved projected cashflow / drawdown schedule submitted by the PMU to DPLG in April of each year.

In terms of **performance monitoring**, monthly certificates of revenue & expenditure and DORA reports are submitted by the PMU to DPLG. It is important to note that failure by any Municipality to achieve the projected monthly expenditure could result in DPLG reallocating funds to other performing municipalities as was the case in 2004/2005 where **eThekwini received an additional R5,3 million** because other KZN municipalities were underperforming.

The PMU therefore ensures that a lot of emphasis and focus is placed on effective planning and cashflow management on a daily and monthly basis with the different line and client departments to ensure that the MIG programme's projected annual expenditure S-Curve is achieved.

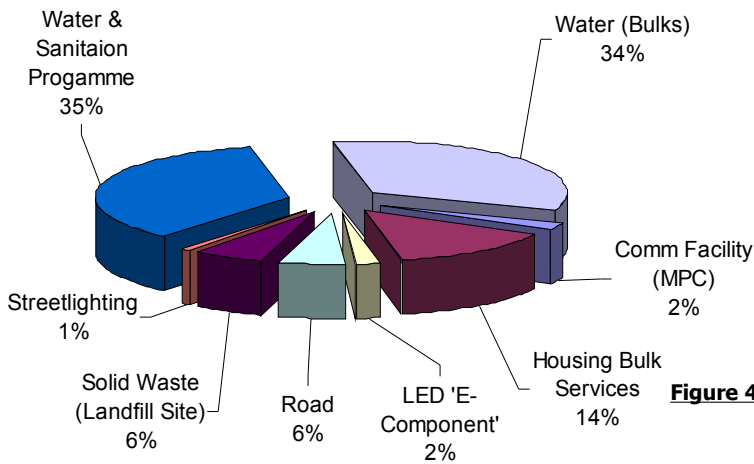
Throughout each year the **eThekwini's MIG programme actually targets 110% spend** as can be seen in the resultant expenditure curve (red) figure 3, where for the period April to Feb, the actual **expenditure averaged 108%**. This helps absorb any slippage that might occur with projects at a line department level due to unforeseen circumstances like materials shortages etc.

Figure 3 Expenditure S-Curve 07/08 vs Projected 07/08



2.3. MIG split by PROJECT CATEGORY - 2007/2008.

As we are all aware, it is National Government's objective to provide drinkable water by 2008, decent sanitation by 2010 and electricity by 2012. In view of this and based on eThekweni's own backlog studies the majority of eThekweni's 07/08 MIG funds were allocated to **bulk water & sanitation provision (34%)** and the **rural water and sanitation programme (35%)**. This is illustrated in the pie-chart below which reflects the 07/08 project category splits.



Some basic services provided within the period:

- 6,385 Urine diversion toilets
- 3,130 Water ground tanks (200l)
- 1,514 Street lights provided.

Figure 4 Project split by category for 07/08

Table 3

Project Category	% split	Explanation
Water & Sanitation programme:	35%	This allocation forms part of the Rural water and sanitation programme which provides rural households with a 200lt water ground tank and a double pit urine diversion toilet.
Water (Bulks)	34%	This includes bulk water supply lines, reservoirs, inlets to reservoirs, boreholes etc.
Commun Facility	2%	Community facilities like: Multi purpose centres, youth centres, taxi ranks etc
Housing Bulk Services	14%	Supporting Infrastructure for housing developments like internal roads, water, water borne sanitation, street lighting etc
LED Component	2%	Rural markets, supporting infrastructure for agri-business projects and community gardens etc
Road	2%	Roads, storm-water, sidewalks, pedestrian bridges, low level water bridges etc.
Solid Waste	6%	Land fill site
Street lighting	6%	Urban low income household street lighting

2.3.1. MIG split by PROJECT CATEGORY – 2008/2009

The table below shows the focus of the MIG allocations for the 08/09 budget period. The split remains similar to 07/08, however with 09/10 there is a considerable shift from the water and sanitation programme to Housing bulk support services. The feedback from of identified **community needs received from the current IDP ward presentations and workshops** are being factored into the prioritisation of projects for 09/10 and onwards. As an example, cognisance is being taken of the need for the rural roads programme to be accelerated. In addition, extensive backlog studies across all the sectors have been done by the PMU jointly with line departments so as to comprehensively inform the prioritisation process.

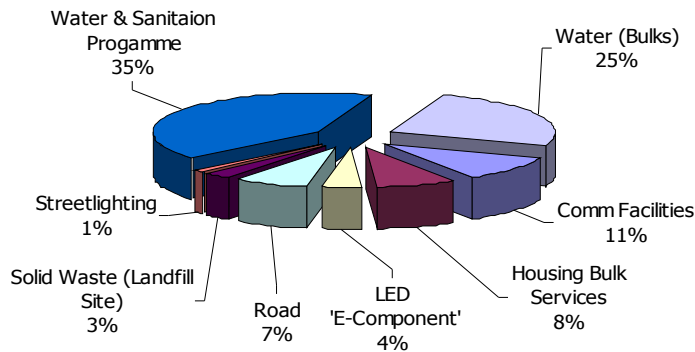


Figure 5 Project split by category for 08/09

2.4. MIG PROGRAMME STATUS:

Currently there are 138 active MIG projects in different stages of their project life cycles with a total value of R1,589 billion which are being implemented within the current 3 year MTEF period. To date 81 MIG projects have been completed with a total project value of R481 million.

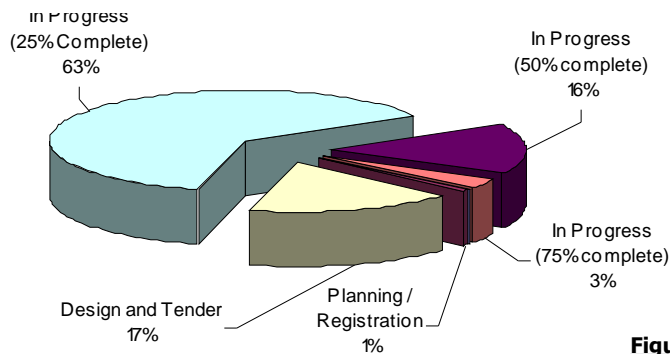


Figure 6 Project split by category for 08/09

3. COMPREHENSIVE INFRASTRUCTURE PLANNING:

In order to accelerate the provision of infrastructure so that there is universal access to basic services, **cabinet has recently** resolved the following:

- There should be a nationally coordinated effort by DPLG, DOH, NT etc, so that each municipality has a proper infrastructure plan and delivery capacity to eradicate the backlogs in its area of jurisdiction.
- The delivery of Basic Services should be within a programme of Sustainable Human Development and aligned with the 2014 Informal Settlements Upgrade programme.
- This approach should facilitate and increase in the MIG and the Integrated Housing Grant allocations, which need to be better synergised through alignment in infrastructure and housing planning.

In addition to the above, The Division of Revenue Act 2008 quotes the following sections:

- **(2) (a)** The receiving officer of a Municipal Infrastructure Grant must, by **29 August 2008**, submit a detailed infrastructure plan to the transferring national officer for the next financial year and the 2010/11 financial year.
- **(b)** The infrastructure plan referred to in paragraph (a) must address those matters and be in a format determined by the transferring national officer with the concurrence of the National Treasury.
- **(c)** Different matters and formats may be determined for different kinds of municipalities, which may be defined either in relation to the capacity of municipalities, categories, types or budgetary size of municipalities or in any other appropriate manner.

Taking this process forward DPLG have put in place a comprehensive phased programme that includes qualified engineering support and resources that will ultimately result in each municipality developing their own Comprehensive Infrastructure Plan (CIP). The PMU has already been involved with this process and will facilitate it throughout the City so we achieve the objectives.

4. COORDINATION:

The PMU has developed a MIG programme management process that is self auditing and ensures compliance to MIG procedural requirements and the conditions contained within the Division of Revenue Act (DORA).

- Project Management Unit (PMU) provides the appropriate expertise relative to MIG requirements in terms of financial management, project identification and prioritisation, programme management, cross-border regional developments, GIS based support, community-based O&M partnerships, monitoring and evaluation, legal/financial compliance in terms of all associated Acts, contract administration, capacity building at project level (EPWP), OH&S, community liaison and communications.
- The PMU team works hand-in-hand with client departments as well as the different line departments, which are the identified agents of project implementation in terms of Capital and MIG projects. Newly identified and prioritized projects are continually being packaged for submission to the Department of Provincial and Local Government for national approval at least 2 years in advance.
- MIG is involved at all stages of the Capital Budgetary process from the early annual planning stages to the monthly K100 monitoring process of P&I.
- Risk Mitigation and Financial management emphasis is also done at a programme level since the PMU is not the implementing agency. A comprehensive excel based multi-year cash-flow

spreadsheet is used to project, control and monitor the programmes cash-flow. Project specific financial management is addressed at the previously mentioned monthly progress meetings and site visits are also conducted monthly on those projects where expenditure is expected.

5. CONCLUSIONS:

The main focus over the next few months will be on developing the City's CIP for the 08/09 and 10/11 financial years which is due with National Treasury by the 31 August 2008.